



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE ENVIRONMENT COMMITTEE

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Testimony Supporting House Bill No. 6371

AN ACT CONCERNING FUNDING FOR THE DEPARTMENT OF ENVIRONMENTAL PROTECTION

Good morning Senator Meyer, Representative Roy and distinguished members of the Environment Committee. Thank you for the opportunity to offer testimony on House Bill No. 6371, An Act Concerning Funding for the Department of Environmental Protection.

This bill consolidates various special funds of the DEP into the General Fund and assures that monies generated as a result of the Department's licenses, permits, and fees that were deposited into the special funds be deposited into the General Fund.

The consolidation of the Department of Environmental Protection's various programs into the General Fund serves several purposes:

- First it improves transparency and accountability for the department's programs by moving "off budget" funds on-budget, making the department's budget and financial transactions more visible and accountable to the Executive and Legislative branches. These programs and their funding sources will be subject to the annual OPM budget process as well as the legislative appropriations process.
- As you may be aware, these special funds support a majority of the Department's employees. However, increasing personnel and fringe benefit costs are threatening the long term solvency of some these accounts and funds. This consolidation will eliminate those solvency problems as the positions that were funded out of these accounts and funds will now be paid for out of the General Fund.
- Finally, the General Fund will receive a one-time revenue gain of \$37.1 million which is the anticipated special fund's surpluses as of July 1, 2009 as a result of the consolidation. In addition, the General Fund will receive \$37.2 million of revenue on an annual basis consisting of various sources of revenue, primarily user fees, which the special funds currently receive. The consolidation also eliminates the need to transfer monies from the General Fund and the Special Transportation Fund to these special funds. Ongoing

annual transfers include \$12 million to the Underground Storage Tank account, \$12.5 million to the Emergency Spills Account, and \$3 million to the Environmental Conservation Fund.

This bill increases a number of licenses, permits, and fees to add resources to support the various programs of the department. These recommended increases were set according to the following criteria: all LPFs which are currently under \$15 are raised to \$15 excluding copies and the like, all LPFs which are currently under \$150 are doubled, all LPFs which are currently \$150 to \$999 are increased by 25% and rounded up to the next whole five dollar increment, and all LPFs which are currently \$1,000 or more are increased by \$250. These increases result in a revenue increase of \$10 million annually.

Lastly, this bill contains three initiatives to further increase support for the agency's programs. There is the establishment of a marine fishing license and corresponding combination licenses, an annual non-residential storage tank inspection fee, as well as a Shellfish Harvest Fee. The establishment of a marine fishing license is of particular importance since this is a new requirement of the Federal Government. If the state fails to implement a marine fishing license, the Federal Government will require the license, thereby receiving any revenue generated from the federal marine licensure requirement. These three initiatives are anticipated to generate a total of \$3.3 million annually.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the Committee support this bill and, at the appropriate time, I will be happy to try to answer any questions you may have.